

MINUTES
OVERSIGHT BOARD – SUCCESSOR AGENCY TO THE
SAN JOSE REDEVELOPMENT AGENCY

SAN JOSE, CALIFORNIA

THURSDAY, DECEMBER 13, 2012

The Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José convened at 9:03 a.m. in the Council Chambers at San Jose City Hall.

1. Call to Order and Roll Call

9:03 a.m.- Call to Order in Council Chambers

BOARD MEMBERS PRESENT

Chuck Reed, City of San José

Abe Andrade, City of San José

Tony Estremera, Santa Clara Valley Water District

Rebecca Haggerty, County of Santa Clara

Emily Harrison, County of Santa Clara

Ed Maduli, California Community Colleges

Micaela Ochoa, Santa Clara County Office of Education

STAFF PRESENT

Ed Shikada, Successor Agency Executive Officer (for Debra Figone)

Richard Doyle, Successor Agency General Counsel

Richard Keit, Successor Agency Managing Director

Patty Deignan, Chief Deputy City Attorney

Arne Andrews, Acting Assistant Director, Finance

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/clerk/agenda.asp> or <http://www.sanjoseca.gov/clerk/MeetingArchive.asp>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

2. Adoption of Agenda

Approved.

3. Closed Session Report

None.

4. Approval of Minutes

Documents Filed: Oversight Board Minutes dated November 8, 2012.

Action: The Minutes were approved.

5. Consent Calendar

1. Monthly Financial Statements (First Meeting of the Month) – None.
2. Audit Status – None.

6. Items Scheduled for Action/Discussion

6.1 Discussion of Successor Agency Financials

Documents Filed: Memorandum from Executive Officer Debra Figone, dated November 30, 2012, regarding Discussion of Successor Agency Financials.

Acting Assistant Director of Finance Arne Andrews responded to questions from the Board with further information to be provided to the Board as available.

Action: No action required.

6.2 Urban Markets: Settlement of Dispute Regarding Release of Retention

Adoption of a Resolution approving a settlement with Urban Markets LLC regarding release of retention and amending the Promissory Note to effectuate such settlement.

Documents Filed: (1) Memorandum from Executive Officer Debra Figone, dated December 7, 2012, recommending adoption of a resolution approving a settlement with Urban Markets, LLC.

Public Comment: Martin Menne (San Pedro Square Market) expressed concerns in managing the fiscal shortfall as it affects the San Pedro Square Market properties.

6.2 (Cont'd.)

Mayor Reed addressed Mr. Menne's concerns, and discussion followed among the Board.

Concerns were expressed by Board Member Haggerty that the settlement may be renegotiated to bring the principal forward to pay off some earlier debt.

Action: Upon motion by Board Member Andrade, seconded by Board Member Estremera and carried, Resolution No. 2012-12-1030, entitled "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency Approving a Settlement with Urban Markets, LLC Regarding Release of Retention and Amending the Promissory Note to Effectuate Such Settlement", was adopted. (5-2. Noes: Haggerty, Ochoa.)

6.3 José Theatre Lease with Comedy Club of San José, LLC (Improv)

Adoption of a Resolution authorizing the Successor Agency to negotiate and execute a lease with the Comedy Club of San José, LLC for the Jose Theater located at 62 South Second Street extending the term and reducing the rent as set forth in the Memorandum to the Oversight Board.

Documents Filed: (1) Memorandum from Executive Officer Debra Figone, dated December 7, 2012, recommending adoption of a resolution authorizing negotiation and execution of a lease with the Comedy Club of San José, LLC. (2) Supplemental Memorandum from Executive Officer Debra Figone, dated December 12, 2012, regarding the result of further negotiations with the Comedy Club.

Successor Agency Managing Director Richard Keit provided an overview of the recommendation. Discussion followed with additional input provided by Successor Agency General Counsel Richard Doyle and acceptance of Executive Officer Debra Figone's memoranda as indicated below in "Action".

Action: Upon motion by Board Member Harrison, seconded by Board Member Madulli and carried unanimously, Resolution No. 2012-12-1031, entitled "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José Authorizing the Successor Agency to Negotiate and Execute a New Lease with the Comedy Club of San José, LLC for the José Theater Located at 62 South Second Street", was adopted, with additional recommendations as provided in Executive Officer Debra Figone's memoranda dated December 7 and December 12, 2012, including agreement by the Improv to pay percentage rent of 7% of Gross Revenues in excess of \$3 million. (7-0.)

6.4 Public Hearing – Housing Due Diligence

Documents Filed: Memorandum from Executive Officer Debra Figone, dated December 7, 2012, recommending that a public hearing be held and testimony be received on the Due Diligence Report.

County of Santa Clara ABX 126 Audit Manager John Guthrie provided an overview of the Due Diligence Report (DDR) and responded to questions from the Board, followed by a response from Jim Babcock, Auditor, Burr Pilger Mayer, Inc. Discussion continued with issues raised regarding the treatment of the SERAF Loan repayment to the Housing Fund, and the transfer of \$10,155,043 in Housing Assets to the City of San José.

Action: No action required. Board to make recommendation at the next regularly scheduled meeting of the Oversight Board to be held on January 10, 2013

7. Reports

7.1 Closed Session Report – None.

7.2 Report on Outstanding Audits and Reporting Requirements

Documents Filed: Memorandum from Executive Officer Debra Figone, dated December 7, 2012, providing an updated report on Outstanding Audits and Reporting Requirements.

Successor Agency Managing Director Richard Keit provided the report and responded to questions.

Action: No action required.

8. Future Agenda Items.

Assistant City Manager Ed Shikada noted a report of real property asset solicitations will be provided at the next regularly scheduled meeting of the Board.

9. Open Forum

None.

10. Adjournment

The Oversight Board of the Successor Agency to the Redevelopment Agency was adjourned at 10:15 a.m. to the next regularly scheduled meeting at 9:00 a.m. Thursday, January 10, 2013 at San José City Hall.

Minutes Recorded, Prepared and Respectfully Submitted by,

ATTEST:

OVERSIGHT BOARD – SUCCESSOR AGENCY TO THE
SAN JOSE REDEVELOPMENT AGENCY
DENNIS D. HAWKINS, CMC, CLERK OF THE BOARD

A handwritten signature in black ink, appearing to read "Ruth Krantz", written over a horizontal line.

Ruth Krantz, Deputy Clerk of the Board

rmk/12-13-12OSB_MIN